

Relationships of CSR Activity, Customer Value and Customer Trust : Altruistic Value as moderator variables

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Abstract

This study aims to explain the research gaps related to CSR activities, customer value, customer trust and customer loyalty. It used altruism values as moderator variable. This research is quantitative hypothetical. Population is a green consumer products who knows CSR activities of the corporate. The sampling method is accidental sampling. The results showed that to increase customer trust and values, social activities directly impacting consumers will be more important than a social activities in the general public. customer individual Altruistic strengthen the relationships CSR activities on customer value and customer trust

Key Words : *CSR Activity ,Value, Trust, Altruistic*

Introduction

In global market, competition between companies is increasing. products and services into a commodity. Corporate social responsibility is a source of competitive advantage (Hooley, 2007). There are Several form of Corporate Social Responsibility programs such as : cause promotion, relate cause marketing, corporate social marketing, corporate philanthropic, Socially Responsible Bussines,Corporate Volunteering. CSR activities of the company depend on the vision and mission of the company and the ability of the company itself.

Many theories have stated corporate strategy including CSR strategy aims to improve marketing outcomes. In many studies marketing outcome defined varied as loyalty, attitude, repurchase intention, WOM. According Godfry and Hatch (2007) CSR activities have impacts build long-term customer loyalty, legitimacy, trust or brand equity.

CSR is an important element in marketing relationships (Holley, 2007). CSR Activities will determine customer values (Green and Pelozza 2011). However, many empirical studies that are inconsistent with the theory (Ali et al, 2010; Becker Olsen, 2006) .The idea of this research is based on the research gap of corporate social responsibility to marketing outcomes. This study is

intended to clarify the theoretical gap. Variations in consumer response depends on the characteristics of the consumers. The Altruistic values has an important role in consumer purchasing behavior. The Altruistic values is a high concern for the environment. Consumers with high altruistic values will take seriously all things related to the environment, thereby increasing the impact of the CSR activities on the customer perceived value and customer trust .

Theoretical framework and research hypothesis

Green marketing and corporate social responsibility

According to American Marketing Association(AMA) , green marketing is a marketing strategy of a product which assumed as a environment friendly, a product development that designed to minimize negative impact to environment and improve the environment quality. Green marketing is a company effort to produce , promote and packaging in a sensitive or responsive to environment problems. Green marketing implementation involves numerous factors such as ecological , political, humanitarian , equality , sustainability, eco-conscious consumers, conservations, fair trade and CSR(corporate social responsibility)(Rhancord Ashhok,2004)

CSR is part of green marketing , CSR is a concept where a company integrating social and environment in business operation and interaction with stock holders and environment activist, CSR also a commitment to increase community welfare trough good business practices and contribute some of the company resources to community(kotler and nancy,2005,p.4)

CSR is an important element in business relationship between government and society, CSR Issue and company moral ethics became a keys in CRM, CSR has became more acknowledged as a potential of competitive advantages ,Maigan and farrel (2004), acknowledging CSR as a social obligation, stakeholder obligation as a ethics driven and as a management processes, CSR has an effect to constructing the customer loyalty in a long time , legitimating , trust or brand equity(Godfrey and Hatch,2007)

Several form of CSR programs that can be choose are cause promotion, cause relate marketing , corporate social marketing , corporate philanthropy ,corporate vokunteering and social responsible business. In cause promotions , companies try to increase community awareness to a

certain issues , where there is no prerequisites that the issue must related to company business line, the actions of the company is to persuade people in the community to donate time, fund or their belongings to overcome the issue. The famous cause promotion is to persuade community to participate in a certain events such as : walking together , sign a petition , etc.

In cause related marketing, company persuade community to buy or to use their products or services, where some of the company profit will be donated to overcome or to prevent certain problems, cause related marketing can be realized into several examples such as : some profit from every sold item will be donated , some money will be donated from every bank new account registration.

Corporate social marketing conducted by company in order to change public behavior in certain issues, usually CSR focused on these areas : health issues such as :reducing smoking habit , reducing HIV infection risk, cancer, eating disorder etc, in safety issues such as : safety raiding, reducing weapon distributions, etc , in environment issues: water conservations, reducing of pesticides usage , in community involvement : blood donor , animal rights ,etc.

Corporate philanthropy maybe is the oldest form of CSR, This can be done by a company by donating certain amount of fund , services or equipment to community or people who needs it. there are several examples of it , provide scholarship to students , in product or services : provide writing equipments for children who study in open schools, etc, in services : children immunizations in remote areas, allow small companies to use company distribution channel .

Community volunteering is a form of CSR where company pushes or persuade their employees to be involved in CSR, by contributing time and their expertise , several form of community volunteering are :company organize their employee to be part of the company CSR programs , such as to be teaching staff or other form of CSR programs based on its employee capability and interest, to allow employee to contribute in CSR programs in their working hours but without any penalty on their salary.

In Social responsibility business(SRB) , companies make some changes to one or the whole working system in order to reduce the impact to environment and society, SRB can be conducted by improve production processes ,such as : waste filtering to eliminate dangerous contaminant , using recyclable packaging or environment friendly , stop producing dangerous products for environment but legal, only using distributors that qualified friendly environment criteria, customer age limitations in product sales , in many researches often called as green products, a green product can be evaluated from the production processes , usage processes and waste processes

Customer value

Value is a mark felt by customer as a comparison of benefit and cost ,perceived value has several dimensions of value (Gill et all,2007)those dimensions are :emotional value, price value, social value, epistemic value, quality(quality of service and product in general)

Related to CSR implementation, value that expected to be received by customer is emotional value, social value and functional value(green and Veoza,2011), emotional value is a happy feeling due to participation in environment care activity, consumer feels proud by using environment friendly products, social value is the social acceptance to customer , customer feels that his/her environment, friends ,colleagues and family receive him/her in social life because he/she is an environment sympathizer , functional value is a benefit which received by customer due to environment friendly attributes that attached in the products .

Green and veloza(2011) in their study has proofed that CSR related products affected to functional values, and philanthropy impact the emotional value and social value, Hooley (2007) stated that CSR will impact to relationship marketing where values is an important component in relationship marketing, based on those findings we constructed several hypothesis :

H1 : CSR activities have significant effect to customer value

H1a : Social responsible business has significant effect to customer value

H1b:corporate social marketing has significant effect to customer value

Customer Trust

Trust is a customer will to depends him/her self to other parties with certain degree of risk(Lau and Lee,1999) , according to mayer et al (1995) there are 3 factors that form someone trust to other party, they are ability, benevolence and integrity. Ability refer to competency and corporate characteristic in provide customer services , benevolence is a seller's will in provide satisfaction that mutually beneficial, company profit is maximized but the customer satisfaction also high, Integrity related to seller habit In conducting their business, information and product quality offered are appropriate with the facts.

Customer trust can be obtained from several strategies. CSR strategy effected to customer trust as mentioned by Godfrey and hatch(2007), the CSR activities has effect in constructing customer long term loyalty, legitimacy , trust or brand equity, based on those facts , hypothesis are proposed :

H2 : CSR activity has significant effect to customer trust

H2a : Social Responsible business has significant effect to customer trust

H2b : Coroporate social marketing has significant effect to customer trust

Altrusitic values

Company who lay it's business model on ethical principles , strategic and sustainable natural resources management will grow positive image and gain trust and support from community (wibisono,2007,p.66), Philip kotler and nancy lee also stated that CSR has ability to increase company image

Customer responses on CSR programs depend on altruistic values inside the customer, Altruistic values is asset of values in every customer who has attention to his/her environment , without paying attention to his/her self. This attitude is a decent benevolence that assumed very important in religion, altruistic value is a form of attitude that conflicted to egoism, an altruism action is an sacrificing action to welfare other people.

Altruistic value which lays in customer will effects their behavior in responding CSR activity conducted by company. Stren diets and Kalof in Mustofah mehammed(2009) tested the role of altruism ,they are social altruism and biospheric altruism, the results of the study shown that

those two altruism values has role in customer behavior who environmental friendly , in this case it has role in buying decision of a product from a company who conducted green marketing or environment friendly

The higher altruistic values lays in a customer, they become more care to the environment issues, so the value feels by the customers will be higher compared to customer with lower altruistic values, because customer with lower altruistic values think that they don't have any interest to community welfare and the environment sustainability. So that the high altruistic value will increase customer loyalty to environment friendly products .

Hypothesis constructed for altruistic values are:

H3 : High altruistic values will increase the effect of CSR activity to customer value

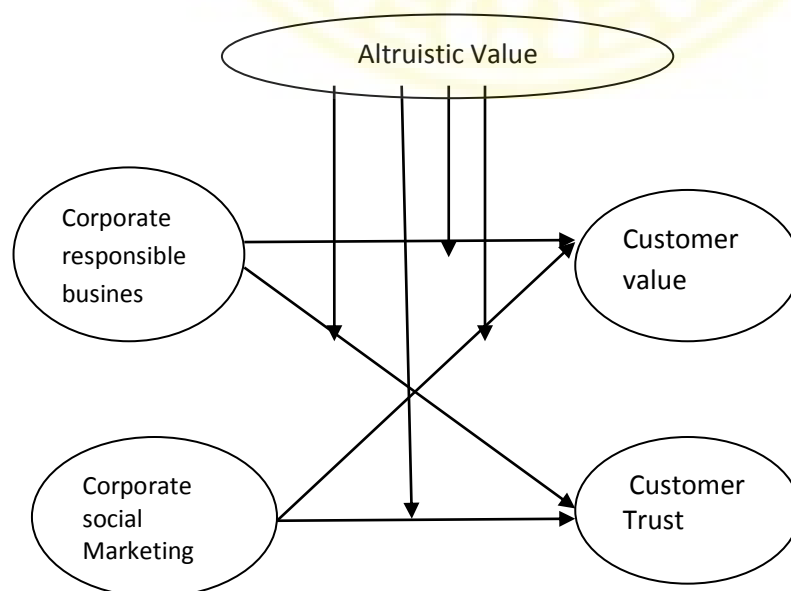
H3a : High altruistic value will increase the effect of Social responsible business to value that received by customers

H3b :High altruistic value will increase the effect of Corporate social marketing to values that received by customers

H4 : A higher altruistic value will increases the effect CSR activity to customer trust

H4a : A higher altruistic value will increases the effect of social responsible business to customer trust

H4b : A Higher altruistic value will increases the effect of Coroporate social marketing to customer trust



Research methodology

This research is a quantitative explanatory which aim is to explain the relationship among variables. This study expected to clarify the existence research gap ,the CSR activity and marketing outcome , survey approach is used , in hypothesis testing we used SEM

Population used in this research is “the body shop” costumer who knows the CSR activity of “the Body Shop”, if the respondent doesn’t know the CSR activity , researcher will shows the CSR activity of the Body Shop, the number of sample used in this research is 200 respondents, to determine the sample accidental sampling is used.

Data and measurements

There are 225 set of Questionnaires distributed, the number of returned questionnaires are 112, it means the rate of return of the questionnaires is 50,66 % , among 112 questionnaires, only 102 questionnaires are qualified to be analyzed ,the rest of the questionnaires are not qualified to be anlyzed. Corporate responsible business is an customer evaluations on the body shop activity on environment friendly activity in doing it’s business , by providing environment friendly products and not tested on animals. To measure the variables, there are 4 items of statement which measured using likert scale .

Corporate social marketing as customer evaluation on the body shop activity focused on community and health such as education improvement and the welfare of low income society , for this variable measurement , 3 items of statement are measured with likert scale, In order to measure customer value , 3 items of statement measured using likert scale for value functional, emotional value and social value. Customer trust in this research is defined as the customer will to use bodyshop product with certain risk, The measurement of this variable is using measurement method from Mayer(1995), trough 4 items of indicator that measured with likert scale, Altruistic value defined as values that lays in customer who has attention to his/her environment , this variables are measured using method offered by smith and tom ,2003 also sternand kalof,1993 , a likert scale measurement for 6 items of statements.

Based on Cronbach alpha on the loading factors ,there are 2 invalid statements , those are statement which measures altruistic value, therefore , the altruistic value only uses 5 statements and trust only 3 statements

RESULTS

Questionnaires distributed in this study as many as 225 sets. 112 questionnaires were returned. Thus the return rate in this study was 50.66%. Among the 112 questionnaires were returned, only 102 questionnaires were eligible to be processed. The remaining 10 copies were not feasible due to incompleteness processed respondents. Based SEM analysis (The study used Partial Least Square), The study reject 4 hypothesis (see table 1)

Table 1. PLS : Inner weight, Significant test

	original sample estimate	mean of subsamples	Standard deviation	T-Statistic
X1 -> Y1	0.622	0.656	0.635	4.980
X2 -> Y1	0.125	0.063	0.652	1.191
Z -> Y1	0.288	0.290	0.277	1.040
X1*Z -> Y1	-0.606	-0.632	0.927	0.654
X2*Z -> Y1	0.513	0.569	0.991	0.518
X1 -> Y2	0.566	0.376	0.407	2.387
X2 -> Y2	-1.051	-0.895	0.442	2.379
Z -> Y2	-0.056	0.062	0.283	1.980
X1*Z -> Y2	1.315	1.066	0.551	1.386
X2*Z -> Y2	-0.950	-0.825	0.682	2.392

Based on Table 1, there are 4 hypothesis are accepted, The results showed that, the Social Responsible Business has significant effect to customer value. The other words, increasing the activity related *The bodyshop* marketing processes such as goods are easily recycled products, environmental friendly product and safely use effect the increasing customer value. The inner weight of 0.622 and t statistic of 4.980. More higher than the specified level of significance t table 1.96.

Corporate social marketing activity no significant effect to customer value. Changes in social activity undertaken as the body shop attention on educating abandoned children, poverty alleviation and bringing attention to the fellow does not change the customer value. These results indicate that consumers are still self-centered, consumer perceives more value if it can be directly perceived by the consumer itself.

Responsible Social Business has significant effect to customer trusts. It is seen from the values of 2,387 and t significance above 1.96. It can be explained that the changes in activity of the body shop that eco-friendly products, environmental friendly packaging will bring changes in consumer trust, however CSR activities such as increased attention to children education, poverty alleviation and attention to the fellow with the significant influence this can be seen from the value of 2.387 t significance above 1.96.

Increasing the company's attention on issues of education, poverty alleviation, will reduce consumer trusts. This is because consumers look dishonest corporate activity, the activity is intended to appeal to consumer purchase intention, or the company simply maintain a positive image of the community. So increasing corporate social marketing activities, will reduce the level of consumer trusts.

Individual altruistic values increasing the effect of Corporate Social Responsible marketing to customer value. This is because the individual is a high concern on the environment both natural and social environments felt that what the company did not give them extra value. So it does not effect on consumer perceived value. It can be seen from the t statistic for o, 654 and 0.518 is relatively lower than the specified level of significance t table 1.96. Individual altruistic values weaken the effect of CSR activities corporate social marketing on customer trusts.

Individual altruistic values strengthen effect of Social Responsible Business on customer trust. It can be seen from the value of t significance of 1.386, far below 1.96. This shows the type of consumers who are skeptical on the company's activities. They suspicious of what the company is only apparent, or pretend, is not purely focus on the environment. But contrary to social

responsible business activity, altruistic values strengthen effect of Social Responsible business on customer trusts. consumers can immediately feel the effects of the activity .

Conclusion

CSR activity corporate responsible business activities effect consumer perceived value. The activity that results can be felt just as consumers Corporate Responsible Business activities that make environmentally friendly products, products that are not harmful. Consumer will be more save when use the product than use competitor product, consumers happy because they fell care the environment. Consumers more enjoy because their social environment more like them, when their friends know using the product. The activities effect to consumer trust. Consumer believe the product because the product is not harmful, consumer believe the product because the product save to use. The activities that are directly related to the consumer, so consumer perceived more value and consumer more trust to the product

CSR activity Corporate Social Marketing such as social programs reduced poverty and improved education are not noticed by consumers. The activity has no impact significant on the customer value but the activities have a negative impact on customer trust. Increasing the company's activities oriented poverty alleviation, improving education displaced people, the consumers lack confidence in the company. They think helped underwrite the cost, without being able to feel the results immediately.

Individual altruistic Value does not moderate the effect of social responsible Business on customer value. But the altruistic values weaken the effect of corporate social marketing on customer value. The higher of customer individual altruistic values, will make the customer more skeptical, so reduce their trust to the product

Managerial implication and Further Research

Companies must be more cautious in choosing the CSR activities that will be implemented. Because not all CSR activities have a positive impact for the company. In fact, there is a negative impact of CSR activities that reduce the level of consumer trust. Corporate social Marketing activity has no effect on perceived value, it lowers the level of customer trust. In subsequent

studies could be included variables skeptical consumers. Similarly altruistic value does not moderate the influence of CSR activities on customer value, should be more in-depth study of the role of altruistic values on CSR activities, in addition, the study only covered 2 types of CSR activities, future research needs to be done on the other CSR activities.

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